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SSU-MA CHIEN'S ECONOMIC OUTLOOK

By FUMIO HOZUMI

1.

In this short article, I propose to analyse and offer a rough outline of the economic theories of Ssu-ma Chien 司馬遷, a well-known Chinese scholar of the Former Han period, who wrote a monumental book of history entitled the *Shih Chi* 史記 or "Historical Records" in about 100 B. C. We can form a fair idea of his economic outlook by a perusal of the "Biographies of Men Skilled in Economic Management," or the *Huo Chih Lieh Chuan* 貨殖列傳 which forms one chapter of the above-mentioned book.

It is customary that an economic theory should comprise an interpretation of economic phenomena and a practical policy, based on this interpretation, dealing with these phenomena. In other words, economic analysis should include both economic theory and economic policy. It is perhaps hardly necessary to add that an adequate economic theory should indicate also the lines along which an economic policy should be framed; and, since economic policy is necessarily based on some particular economic theory, these two are inseparably related; in fact, they cannot exist independently. For the convenience of exposition, however, I shall first study Ssu-ma Chien's economic theory and then proceed to an examination of his economic policy.

2.

In my opinion, Ssu-ma Chien was a scholar who had a rare insight into the nature of economic phenomena. He acknowledged the economic significance of human desires, to begin with. Accordingly, he recognized and respected

behaviour arising from an impulse to satisfy these human desires.

In the opening paragraphs of the "Biographies of Men Skilled in Economic Management," he offers a refutation of Lao-tze's 老子 theory which is based on the negation of human desires :

"Under the best government, people live in entire contentment. Let inhabitants of neighbouring provinces live so close to each other that each can hear the crowing of a cock and the barking of a dog from the other's yard, and yet they do not associate with each other, being content with what they eat and wear, finding no fault with their own customs and manners and pursuing their respective occupations in felicity."

Ssu-ma Chien remarks :

"To attempt to live up to this teaching in these days by trying to keep people ignorant of all their surroundings would be a practical impossibility."

Pointing out the difficulty of putting such an academic theory into practice, he contends that human desires can never be suppressed and counsels instead the necessity of guiding them properly.

He goes on to say :—

"I do not know how things stood in the ages prior to the Shen Nung 神農 days, but conditions in the ages subsequent to the Yu Hsia 虞夏 days, as they are described in the *Shihching* 詩 and the *Shuching* 書, were such that people were eager to gratify their sensual desires. They were anxious to hear or see what was most pleasant to their ears or eyes. Their mouths sought delicacies. While the body hankered after a life of ease and luxury, the mind aspired to the glory of power. The love of worldly pleasures has become ingrained in people's minds. They are so bent on the pursuit of pleasures that any amount of fine argument is lost on them. Such being the case, the best statesmen rule the people with due regard to these

human desires, those who come next lead the people aright by showing them where their best interests lie, those ranking next give them counsel and admonition and those who rank lower regulate affairs by means of penal enactments. They are the least effective statesmen who quarrel with and try to suppress human desires."

Thus we see that Ssu-ma Chien both affirms and admits the function of man's material desires. He accordingly recognizes the importance of the material phenomena which are needed to satisfy these desires.

So he says:—

"These (various products) are materials which furnish people with clothing and food and other necessities of life." How, then, are these materials supplied? He says:—

"People obtain what they want by exerting their respective abilities and putting forth their best efforts."

From this remark it will be seen that he recognized and believed in division of labour in the economic sphere. It is only natural that Ssu-ma Chien, who admits the function of human desires, should appreciate goods, because they are essential to the satisfaction of these desires, and that, since he attaches importance to the production of goods, he should recognize the necessity and usefulness of a division of labour. Describing the division of labour, he says:—

"Farmers produce foodstuffs, foresters supply materials, artisans make them into articles and merchants distribute them widely."

He also makes the following citation from a celebrated book;—

"If farmers do not produce, there will be a shortage of food; if artisans do not produce, the necessary articles will not be obtainable; if merchants do not produce, the supply of the three treasures (meaning food, materials and manufactures) will be stopped; and if foresters do not produce, materials will be scarce."

In this way, he divides labour into agriculture, industry, forestry and commerce emphasizing the importance of each. Particularly noteworthy is it the fact that he accords an equal value to each division. That he should recognize the fundamental importance of commerce and industry to society and that he should have appraised their respective functions properly, at a time when agriculture was valued and commerce generally despised, proves that he was a man of rare perspicacity.

"Production" is the counterpart of "consumption"; there can be no consumption without production. The "division of labour" means the division of the "subject" of production and consumption, so that it necessarily presupposes or anticipates the "co-operation" or, in other words, it assumes the conjunction of the divided subjects of production and consumption in the process of acquiring materials. And it is commerce which renders this conjunction possible.¹⁾ This accounts for the formation of an economic society based on the circulation of goods. What impulse, then, makes the formation of such a society possible? That is to say, what sort of force brings it into existence? Let Ssu-ma Chien explain.

He asks:—

"How can this be attributed to administrative policies, to commandeering measures or to the result of conferences at fixed intervals?"

He also says:—

"People buy things when they are cheap and sell them when they are dear, taking cheapness to be the predeterminant of dearness and dearness to be that of cheapness. They are assiduous and take to labour, as naturally as water flows downwards. As their work goes

1) I have mentioned that the division of labour presupposes co-operation and that commerce renders this co-operation possible, but commerce is not necessarily the only agency for bringing about this co-operation, for in a Communist society administrative policies will take the place of commerce. In view, however, of the fact that in actual society divided labour is unified by commerce, it may be permissible to describe the situation as I have done.

on day and night, things come unsolicited and people produce them unasked. Does this not show that everything is done in accord with reason and nature?"

He thus ascribes the "working of things" to nature, not to any artificial devices. While admitting that in producing goods designed to satisfy human desires, all classes of people—farmers, artisans, foresters and merchants—exert themselves in their respective spheres of activity, he holds that this division of labour is brought about, not by any plan specifically laid down with a view to securing these advantages or by directions or orders given by the powers that be. In his opinion, it comes about "as naturally as water flows downwards." His line of thought reminds me strongly of the following passages which we find in an early chapter of "An Inquiry into the Nature and Causes of the Wealth of Nations," Adam Smith's immortal work, which won for its author the reputation of being the founder of political economy:—

"This division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual, consequence of a certain propensity in human nature, which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another."²⁾

If one compares the above with Ssu-ma Chien's remarks already referred to, one is struck by the identity of the views expressed by these two eminent scholars who not only belonged to epochs some 2,000 years apart but lived in localities distant some thousands of miles from each other. With this fact before me, I find it difficult to dismiss as mere conjecture the assertion often made by Oriental scholars that there are no Western ideas which do not find their

2) Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Book I, Chapter II.

counterpart in the Chinese classics.

Ssu-ma Chien ascribes the division of labour, not to any artificial devices, but to the play of natural forces. How, then, does nature cause man to form a society in which labour is divided? This point must be made clear in order to prove that the division of labour is due to natural causes. Adam Smith points to man's self-love as the cause. He explains it in the following passages:—

“Man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and show them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their selflove; and never talk to them of our own necessities, but of their advantages.”³⁾

Here, again, we see that the two eminent thinkers—one in the West and the other in the East—have adopted an almost identical view, for Ssu-ma Chien also attempts to explain this phenomenon on the score of human desire for wealth and rank or self-love.

He remarks:—

“Men of wisdom deliberate on plans in the Government and discuss State affairs at the Court. They keep faith and die for the righteous cause. Men living in temporary retirement and seclusion are watchful of the

3) Adam Smith, *ibid.*

opportunity to win renown. All this is, after all, due to their desire for wealth. Upright officials become rich after their long service, while honest merchants eventually amass fortunes. Wealth is what man desires instinctively. Sturdy and spirited soldiers at the front lead an attack on the enemy's citadel, carry the enemy's position, cut down the enemy's commanders, capture the colours and brave a hot fire, reckless of all dangers, because they are eager to get large rewards for their brave deeds. Depraved youths take to the road, murder people, intimidate others and commit rape, open graves to steal treasures, counterfeit coins, avenge their friends at their own personal risk, despoil others clandestinely and commit other offences, ever ready to rush into the jaws of death. Why? Because they want to get possession of money. Beauties paint themselves thick, play their harps, dress finely, wear nice footgear and make eyes at men, desiring to tempt them. They go any distance to find their prey, nor do they care whether their men are old or young, so long as they are rich, for their hearts are simply set on gain. Leisured scions of the nobility adorn themselves with fine headgear and glittering swords and go about in carriages, followed by their attendants. This is also in order to make a display of their wealth. People go hunting or fishing, getting up early and coming home late. They make nothing of blinding snow storms or cutting winds. They climb up craggy hills and go down into deep dales in pursuit of their game, without fearing to court the danger of being devoured by ferocious animals. This is because they are eager to obtain delicious meat.

They play cards and arrange a cock-fight or dog race, each consumed with an avid desire to secure the stakes, for they cannot bear the thought of incurring losses. Men who practise medicine or follow other professions apply themselves closely to their work and are eager to attain the highest skill in their art, because they are desirous of

obtaining handsome remunerations for their services. Some government officials do not refrain from putting false constructions on laws and regulations or tampering with them or from forging official seals or documents, with their eyes wide open to the heavy penalties provided for such offences, because they cannot resist the temptation of the bribes offered. Needless to say, it is because they seek wealth that farmers, artisans and merchants assiduously endeavour to increase their savings. All this shows that the sole care of people is to devote their whole wisdom and ability to the acquisition of wealth and that they never concede anything when gains are in sight."

He expresses this view in the well-known aphorism:—

"Whether they come or whether they go all mankind is anxiously bent on the pursuit of profit and the quest of gain."

One cannot, indeed, but be struck by the singular similarity in the views of these two writers. It may fairly be observed that, had Ssu-ma Chien lived in England contemporaneously with Smith, the latter might not have been able to win, unchallenged, the reputation of being the sole founder of political economy.

I have explained why Ssu-ma Chien admits the function of human desire and why he claims self-love, or human desire for wealth and rank, to be the root cause of all social behaviour. Since his outlook on life was such as has been described, it is hardly to be wondered at that his concepts were materialistic. This is the more natural also, because ideas based on the materialistic conception of history were held and enunciated by certain famous Chinese pundits before his day.

For instance, Kuan-tzu 管子 says:—

"It is not until one has one's storehouse full of grain that one learns to be decorous, nor is it until one is assured of a comfortable livelihood that one becomes aware of the sense of honour and shame."

Mencius 孟子 also remarks:—

"Fixed property goes hand in hand with a steady mind; one cannot have a stable mind unless one has enough property to live upon."

From his writings we know that Ssu-ma Chien held materialistic ideas, and this was only natural, considering his economic outlook. Citing the pithy saying of Kuan-tzu just quoted and amplifying the implications, he says:

"It is not until one has one's storehouse full of grain that one learns to be decorous, nor is it until one is assured of a comfortable livelihood that one becomes aware of the sense of honour and shame. Etiquette prevails where there is property, and it ceases to exist when property is dissipated. When men of character become rich, therefore, they take delight in practising the virtues, and when small men become rich, they try to do what good it is possible for them to accomplish. Just as fish breed in the deep pools and animals live in the mountain recesses, so do men become benevolent and righteous as they grow rich."

3.

This outline of Ssu-ma Chien's economic theory I deduce from an analysis of his interpretation of economic phenomena. I must now turn to an examination of his economic policy.

As I have already noted, Ssu-ma Chien admits the function of human desire.

Accordingly, he says:—

"The love of worldly pleasures has become ingrained in people's minds. They are so bent on the pursuit of pleasures that any amount of fine argument is lost on them. Such being the case, the best statesmen rule the people with due regard to these human desires, those who come next lead the people aright by showing them where their best interests lie, those ranking next give them counsel and admonition and those who rank lower regulate affairs by means of penal enactments. They are the least effective

statesmen who quarrel with and try to suppress human desires."

We can infer from this that the guiding principle of his economic policy is the satisfaction of the desires of the people. If so, to what practical proposals does he have recourse to attain this end? As already mentioned, he attaches great importance to food, clothing and shelter, maintaining that:—

"These (various products) are materials which furnish people with clothing and food and other necessities of life."

He sets a high value on agriculture, industry, commerce and forestry because food, clothing and housing materials are produced and supplied by these activities and he describes these four as:—

"The sources from which people derive their livelihood."

He goes on to say:—

"If the sources are abundant, the supply is ample, while if they are limited, the supply is insufficient. A plentiful supply makes a country rich and enriches individual families."

It will thus be seen that Ssu-ma Chien's economic policy is positive in nature, offering a striking contrast to that of Confucianism, which preaches the repression of human desires, with Taoism, which negates all desires in man or with the teachings of Hei-tzu 墨子, which stress the need of thrift. The recommendations are so positive that they may well be regarded as a policy of production. He attaches great importance to productive power. Although this is but a natural corollary of his economic theory, it marks him out as a man who possessed great powers of discernment for his day.

As already mentioned, Ssu-ma Chien argues the principle of production and emphasizes the necessity of increasing productive activity. How, then, does he propose to expand production?

As I have already pointed out in a prior quotation from his book, he remarks:—

"Farmers produce foodstuffs, foresters supply materials, artisans make them into articles and merchants distribute

them widely."

He further says:—

"How can this be attributed to administrative policies, to commandeering measures or to the result of conferences at fixed intervals?"

He also observes that:—

"They are assiduous and take to labour as naturally as water flows downwards. As their work goes on day and night, things come unsolicited and people produce them unasked. Does this not show that everything is done in accord with reason and nature?"

As I have already pointed out, these remarks must be interpreted as illustrative of his theory that the division of labour is the work of nature and not the result of artificial devices. At the same time his predilection for a sort of *laissez faire* policy can be read between the lines. In the age in which he lived, nobody discussed economics for its own sake; it had not yet been conceived as a separate subject for study, and was neither dissociated from or independent of the study of politics or morality. When this fact is taken into due consideration, the passages quoted above may, with justice, be interpreted as embodying his advocacy of a sort of *laissez faire* policy. When they are so construed, we are all the more impressed by the fact that his economic outlook bears a striking resemblance to that of Adam Smith. Adam Smith takes the view that economic society derives its propelling force not from anything artificial, but from nature, and sees the manifestation of this natural force in self-love, whose invisible hand, he believes, leads man to do what is necessary to be done. His economic policy opposes acts of artificial interference and holds aloft the banner of *laissez faire* or *laissez passer*. Like Smith, Ssu-ma Chien finds the propelling force of economic society in nature, expressing itself in self-love. As their economic theories are thus identical, it follows that their economic policies should manifest a similar identity, both stressing the *laissez faire* principle.

4.

I have so far examined Ssu-ma Chien's economic ideas in the light of his writings and have given above a rough sketch of them. The object of this article, described at the commencement, has thus been fulfilled, though perhaps in a rather incomplete manner. In concluding the article, I propose to offer certain comments and to pass judgment briefly on the value of his economic outlook.

In my opinion, Ssu-ma Chien deserves high praise in view of the fact that at a time when economics was merely regarded as the attendant of morality and when the concept of the restriction or negation of human desires and arid counsels of thrift were prevalent, he showed himself fully awake to the importance of the production of wealth and, being at the same time fully conscious of the function of human desires, preached the principle of production. Equally remarkable is it that he should have stressed the importance of commerce and industry at a time when agriculture was dominant and ideas of agricultural fundamentalism accordingly reigned supreme. It also argues his rare perspicacity that in the days of a as yet undeveloped science when superstitious and mystical ideas were so prevalent he should, nevertheless, show himself capable of interpreting economic phenomena in a sensible and scientific manner. We know that even in the 18th century, the physiocrats of France dragged in a mystical and unrealistic God Almighty to supervise their explanation of economic phenomena. It was not until Adam Smith appeared on the scene, indeed, that an actual and realistic view of human nature, viz. as acting in the form of self-love, supplanted God as the dominant economic agency. With this fact before us, it is really astounding to find that as long as 2,000 years ago, Ssu-ma Chien, amid surroundings such as have been described, took the same realistic view of economic phenomena as Adam Smith, attributing them to human nature or desire, to wit, to the impulses of self-love. He certainly deserves the title "great."

Although Ssu-ma Chien's economic theories have many merits, they are not entirely free from faults. For one thing, they are desultory in form and lack systematic attribution. Nor is there any logical sequence or development to be formed in them. From what I have said in this outline, it may appear that his economic ideas are quite systematic, but this is because I have taken special pains to present them in as rational a manner as possible. The very fact that they require such treatment shows that they are characterized by the above-mentioned defects. That Chinese culture was still in an undeveloped state in those days may be responsible for these drawbacks, but in any case the fact remains that the writings themselves are unsystematic. It may be remarked in passing that it was not until modern times that economic thought in China became systematic. It was, I believe, after European economic theories had been imported into that country that the economic wisdom of the people was systematized into a comprehensive political economy. It must next be pointed out that Ssu-ma Chien's ideas err on the side of generality; they lack elaboration or thoroughness. One of the drawbacks peculiar to the Oriental forms of literary expression is the excessive use of hyperbolic and rhetorical language, which frequently renders the substance of an argument vague and ambiguous. Ssu-ma Chien was not free from this defect.

Thus, we arrive at the conclusion that although Ssu-ma Chien's economic ideas, as we gather them from what he writes in the *Shih Chi*, are worthy of appreciation, they are prescientific in their general character. His writings contain economic ideas, to be sure, but there is no trace of a systematic political economy in them.

However, after all is said and done, it is quite astounding that two thousand years before the day of Quesnay and Smith China boasted a man who held such economic ideas as have been outlined. No branch of science is organized in a day. In every case science is the result of the protracted accumulation of the inspirations and efforts of

many ancient geniuses. Aristotle's theory of economics does not constitute a true political economy, but one who traces our modern political economy to its very origins will find that it has had its source in his great thesis. In the same way, Ssu-ma Chien's economic ideas may well claim a high place in the sphere of political economy. I cannot but pay a high tribute to this Chinese scholar who held such enlightened economic views in that distant period of antiquity.